VIII. Checklist Item 6: Local Switching From Transport, Local Loop Transmission, or Other Services

A. Verizon DC Declaration

Verizon DC offers eight types of local switch ports through interconnection agreements; a description of these is in the CLEC handbook. Verizon DC provides CLECs with UNE-P in accordance with the FCC's *UNE* ***Remund Order.*** Verizon DC states that it has taken the necessary steps to ensure the commercial availability of local switching to CLECs. A total of 19 CLECs may use Verizon DC's UNE switching arrangements as of April 2002. As of this same date, Verizon DC had over 2,500 line side switching ports as part of UNE-P combinations, some 2,500 for business service and over 20 for residence customers. As of April 2002, Verizon DC had received no requests for unbundled tandem switching on a stand-alone basis.[169]

B. Issues Raised by CLECs and Other Parties

No party makes any declarations regarding this checklist item. Hence, the record contains no evidence opposing Verizon's declaration regarding this issue.

C. Analysis and Conclusions

Verizon DC's filing demonstrates that it provides unbundled switching in the District of Columbia, offering eight types of local switch ports, with over 2,500 switching ports as part of UNE-P combinations. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, the Commission concludes that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(vi).

169 **Verizon DC Checklist Declaration at ¶¶ 208-211.**

IX. Checklist Item 7: 911/E911, Directory Assistance, Operator Services and Call Completion Services

A. Verizon DC Declaration

Verizon DC provides enhanced 911 ("E91 1") services in the District of Columbia and provides CLECs access to the E911 database. Verizon DC offers directory assistance ("DA") and operator call completion ("OCC") service to about 15 CLECs in the District of Columbia. Other CLECs have two options: (1) providing their own **DA** ; or (2) OCC service or purchasing them from Verizon DC.[170]

B. Issues Raised by CLECs and Other Parties

No party makes any declarations regarding this checklist item. Moreover, the record contains no evidence that opposes Verizon's declaration regarding this matter.

C. Analysis and Conclusions

Verizon DC's filing demonstrates that it provides the required 911/E911 services and access, directory assistance, and operator call completion service to about 15 CLECs in the District of Columbia. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, based on the information in this proceeding, the Commission determines that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(vii).

17U Verizon DC Checklist Declaration at ¶ 227.

X. Checklist Item 8: White Page Directory Listings

A. Verizon DC Declaration

1. General

Verizon DC states that it provides white page directory listings on a nondiscriminatory basis pursuant to its interconnection agreements and its tariffs.[171] In order to confirm directory listings, Verizon Information Services gives each carrier a Listings Verification Report ("LVR") containing the listing for that carrier in the database that underlies these listings. In that report, Verizon DC identifies a service order close date – the last day on which a carrier may add directory listings for inclusion in a published directory.[172] The LVR can be used to determine the accuracy of listings information. In the KPMG Consulting OSS Test, Verizon did not meet the benchmark of 95 percent accuracy (for provisioning test orders in its Directory Listings database); however, the achievement of 94.7 percent accuracy was determined to be statistically insignificant.[173]

2. Analysis and Conclusions

Verizon DC's filing demonstrates that it generally provides white pages listings in accord with the requirements of the Section 27 1(c)(2)(B)(viii). The Commission concludes that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(vii). The parties raised one issue that requires more specific discussion, as indicated below.

B. Listings Verification

1. AT&T

AT&T states that it has experienced problems related to this checklist item. It argues that Verizon DC does not adequately verify white page listings. AT&T argues that the listing verification process requires CLECs to undertake error detection processes that Verizon DC should conduct. AT&T also states that KPMG testing in Virginia only addressed directory assistance, not white page listings.[174]

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171 **Verizon DC Checklist Declaration at 7262**

172 **Verizon DC Checklist Declaration at** ¶¶268-269

173 **Verizon DC Checklist Declaration at** ¶273.

174 AT&T **Checklist Declaration at** ¶¶32-39.

2. Verizon DC Reply

Verizon DC states that AT&T has not provided any District of Columbia-specific evidence to support its claims.[175] Further, Verizon DC argues that the same systems and processes that AT&T complains of have been approved by the FCC in the Section 271 order for Pennsylvania. The listings appear in the Directory Assistance ("DA") records and are printed in the appropriate directories. Verizon DC maintains that it provides DA listings for UNE, UNE-P, and resale.[176] CLECs must make appropriate requests for the type of listings that their customers require. Verizon DC states that the accuracy of its listings for CLECs has reached 99.26 percent.[177] Information on DA requirements can be found at Verizon DC's website."' Concerning the claim AT&T makes that CLECs must take responsibility for the LVR process, Verizon DC states that CLECs must stay involved in the process through the time of publication.[179] CLEC involvement makes the capturing and resolution of problems a "before the process" fix and not an "after the process" error. Verizon DC states that it is committed to working with CLECs who decide to review the LVR.[180]

3. Analysis and Conclusions

Verizon DC presents substantial evidence demonstrating that it provides directory listings generally as required by Checklist Item 8. However, AT&T has taken the position that there has been inadequate testing of directory listing accuracy, and that the C2C Guidelines applicable in the District of Columbia should be supplemented by a measure that will assess accuracy after Verizon DC "hands off' directory listings information to the affiliate, Verizon Information Services ("VIS"), that publishes the directories.

Verizon DC has submitted declarations addressing the efforts it takes to assure directory accuracy and it has observed that these efforts are like those it takes in other states for which the FCC has already approved Section 271 applications. Specifically, Verizon DC translates CLEC Local Service Request ("LSR") information into internal service orders, just as it does for its own retail customers. After the introduction of new systems and business rules in February 2002, Verizon DC states that listings orders have flowed through at rates between 89.44 percent and 97.22 percent. In October 2001, Verizon DC created a quality verification process for examining manually processed directory listings orders. C2C Guidelines Metric OR 6-04 tests a random sample of the manually processed listings information orders for accuracy. Verizon DC

175 Veriron DC OSS Reply Declaration at 109.

176 Verizon DC OSS Reply Declaration at ¶1 10.

177 Verizon DC OSS Reply Declaration at ¶127.

178 Veriron DC OSS Reply Declaration at ¶131.

179 Verizon DC OSS Reply Declaration at ¶134.

180 Veriron DC OSS Reply Declaration at ¶135

claims that performance under that measure in Virginia, which uses the same systems used for the District of Columbia, was at about 99 percent accuracy for July and August 2002.[181]

The preceding activities focus on the listings process before Verizon DC "hands off' the information to VIS for publication. Verizon DC performed a special study to compare how the information provided to VIS matches the information found in Verizon DC service orders. That study, which used samples from the months of July and August 2002, found that the information match rate was 100 percent.[182]

Verizon DC also notes that it makes an LVR available to CLECs 30 days before the close-out date for a directory. A CLEC can check its listings, electronically if it wishes, with the LVR. AT&T argues that the LVR makes CLECs responsible for performing the role that Verizon DC should undertake in assuring listings accuracy.[183] Verizon DC contends that inaccuracies in listing information can also arise through CLEC fault or through no fault of either party. CLEC verification activities, according to Verizon DC, therefore constitute an important and unavoidable aspect of assuring correct listings at the time of directory publication. Verizon DC notes that it has received no error reports from AT&T in 2001 or 2002.[184]

Verizon DC says that CLECs can also verify listings accuracy by submitting preorder queries of the OSS. While Verizon DC is entitled to charge for these queries, it does not do so at the present time, pending a request to change the charge basis from a per-inquiry to a per-line basis, in order not to discourage CLECs from using pre-order queries.[185]

The evidence does not support the AT&T claim[186] that that the failure of KPMG directly to test directory listings (instead only checking the Virginia directory assistance database) is a significant shortcoming. The test may only have examined the front end of the process; however, Verizon DC presents unrebutted evidence that a recent sampling, undertaken after it changed its previous directory listings processes, shows that the back-end functions examined function properly as well. Verizon DC offers results showing high levels of accuracy in Virginia (where systems and processes are the same as those used in the District of Columbia), and no party presents evidence of listing inaccuracies in the District of Columbia. Verizon DC's evidence also shows that the LVR does not stand in lieu of its other, baseline efforts to assure listings accuracy. LVRs supplement those processes and allow CLECs to check for inaccuracies that are not the fault of or known to Verizon.

181 Verizon DC OSS Reply Declaration at ¶¶107 through 132.

182 Verizon DC OSS Reply Declaration at ¶127.

183 AT&T Checklist Declaration at ¶36.

184 Verizon OSS Reply Declaration at ¶134.

185 Verizon DC OSS Reply Declaration at ¶136.

186 AT&T Checklist Declaration at ¶32.

AT&T also criticizes the adequacy of Metric OR-6-04, because it measures only a sample of manually handled orders, and because it compares the CLEC's LSR only to the creation of the Verizon service order.[187] The Commission adopted this metric in Order No. 12347 after considering comments from Verizon DC and AT&T.[188] AT&T did not address the concerns it raises here in the proceedings that led to the adoption of Metric OR-6-04[189] and has not sought an amendment to the metric since its adoption.

The issue of charges for pre-order queries related to directory listings was not addressed in any prefiled testimony or comments. However, it was the subject **of** cross-examination, and it arose in briefs. Specifically, Verizon DC argues that it seeks to encourage CLEC use of pre-order queries by waiving any allowable charge for them, while, at the same time, declining to promise that it will not begin to make the charge after Section 271 approval is granted. WorldCom argues that Verizon DC in effect has it both ways (declining to charge and declining to waive its right to charge) for what Verizon DC concedes is an important means for verifying directory listings.[190] AT&T also asks that Verizon DC be expressly prohibited from making such a charge.[191]

This CLEC argument requires further investigation. Verizon DC has correctly observed that there is a need to consider the inclusion of the costs of such queries in other price elements if it is not to be recovered on a per-use basis. However, having conceded the importance of making such queries available without separate charge, the Commission needs to consider whether Verizon DC should he permitted to impose this charge in further proceedings.

Given the existence of a coordinated set of systems and processes for assuring listing accuracy, their demonstrated success in Virginia, and the lack of any evidence that would show listings accuracy problems specific to the District of Columbia, the Commission concludes that Verizon DC's practices and procedures with respect listings accuracy verification meet its obligations under this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(viii).

187 AT&T **Checklist** ¶34

188 ***Formal Case No.*** *990,* ***In The Matter Of Development Of Local Exchange Carrier Quality Of Service Standards For The District,*** **Order** No. 12347, rel. **March 18,** 2002.

189 **Order** No. 12347, ¶ 20-32

190 **WorldCom Brief,** p. 11

191 AT&T **Post Hearing Brief, p.** 34

XI. Checklist Item 9: Access to Telephone Numbers

A. Verizon DC Declaration

Verizon DC states that there is now an independent third-party numbering administrator who has the responsibility of assigning numbers.[192] Verizon DC declares that it thus meets this checklist item by complying with the industry guidelines and procedures that apply to all carriers.

B. Issues Raised by CLECs and Other Parties

No party makes any declarations regarding this Checklist item. There is no evidence in the record that contradicts Verizon's assertion regarding this matter.

C. Analysis and Conclusions

Verizon DC's declaration demonstrates that it is providing requested access. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, the Commission finds that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(ix).

[192] **Verizon DC Checklist Declaration at ¶** *216.*

XII. Checklist Item 10: Access to Databases and Signaling

A. Verizon DC Declaration

Verizon DC provides access to CLECs to several call-related databases and its Service Management System ("SMS") on a nondiscriminatory basis in the District of Columbia.[193] Verizon DC also provides CLECs access to its signaling links and signaling transfer points on an unbundled basis. The call-related databases include the Line Information Database ("LIDB), which includes the Calling Name Information Database, the Toll Free Database, the Local Number Portability Database, and the Advanced Intelligence Network Database.[194] Verizon DC's SMS allows CLECs to enter, modify, or delete entries, for their own customers, in Verizon DC's other databases.

B. Issues Raised by CLECs and Other Parties

No party makes any declarations regarding this Checklist item. There is also no evidence in the record to contradict Verizon's declaration regarding this issue.

C. Analysis and Conclusions

Verizon DC's declaration demonstrates that it is providing requested access. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, the Commission determines that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(x).

[193] Verizon DC Checklist Declaration at ¶ 282.

[194] Verizon DC Checklist Declaration at ¶¶294-3 I7

XIII. Checklist Item 11: Local Number Portability

A. Verizon DC Declaration

Verizon DC offers local number portability ("LNP") throughout its service area, allowing former Verizon DC customers to keep their existing telephone numbers when they change carriers. Verizon DC states that, as of April 30, 2002, it ported more than 150,000 telephone numbers for approximately 15 CLECs. Additionally, it met 98 percent of its "LNP only" orders.[195]

B. Issues Raised by CLECs and Other Parties

No party makes any declarations regarding this checklist item. Moreover, there is no evidence on the record that contradicts Verizon's assertion regarding this matter.

C. Analysis and Conclusions

Verizon DC's declaration demonstrates that it is providing requested access. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, the Commission concludes that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)B)(xi).

[195] Verizon DC Checklist Declaration at ¶¶322-323.

XIV. Checklist Item 12: Local Dialing Parity

A. Verizon DC Declaration

Local dialing parity allows CLEC customers to dial the same number of digits a Verizon DC customer dials to complete a similar call. Verizon DC states that it provides local dialing panty to all CLECs in the District of Columbia consistent with the Act.[196]

B. Issues Raised by CLECs and Other Parties

No party makes any declarations for this checklist item. Hence, the record contains no evidence opposing Verizon's declaration regarding this issue.

C. Analysis and Conclusions

Verizon DC's declaration demonstrates that it is providing requested access. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, the Commission determines that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(xii).

[196] Verizon DC Checklist Declaration at ¶ 326.

XV. Checklist Item 13: Reciprocal Compensation

A. Verizon DC Declaration

1. General

Verizon DC claims that it offers access and interconnection that include reciprocal compensation in accordance with Section 252(d)(2). Verizon DC also states that it provides reciprocal compensation in accordance with the Commission's requirements and those included in the Act and the FCC's ***Order on** Remand*. Verizon DC's declarations state that it will apply the presumption that local traffic that exceeds a 3:1 ratio of termination-to-origination is Internet-bound traffic. As of April 30, 2002, Verizon DC claimed to be paying reciprocal compensation to seven CLECs, five broadband Commercial Radio Service providers, and three paging companies. Verizon DC also says that it has bill-and-keep arrangements with five CLECs.[197]

2. Analysis and Conclusions

Apart from the payment dispute issue that is addressed below, no party takes issue with Verizon DC's satisfaction of the requirements of this checklist item. Verizon DC's filings demonstrate generally that it pays reciprocal compensation and that it accepts the 3:1 presumption currently specified by the FCC. Subject to the Commission's determination with respect to the relevance and the weight to be given to the reciprocal compensation dispute with AT&T, discussed below, the Commission finds that Verizon DC has met the requirements of this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(xiii).

B. Payment Dispute

1. AT&T

AT&T states that, on the basis of its interconnection agreement, Verizon DC owes AT&T about $15,000,000 for reciprocal compensation.[198] Verizon DC, according to AT&T, withheld these payments after unilaterally determining that any traffic that exceeded a ratio of 2:1 of termination-to-origination was ISP-bound traffic.[199] Verizon did not request the approval of this Commission before withholding these reciprocal compensation payments. AT&T also states that Verizon DC is not in compliance with several FCC orders concerning reciprocal compensation.[200]

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197 **Verizon DC Checklist Declaration at** ¶¶334-335

198 AT&T **Checklist Declaration at ¶ 56**

199 AT&T **states that in April** 1999, **Verizon began to withhold reciprocal compensation payments** for **all traffic that exceeded a** 2:1 **ratio** of **terminating to originating. This ratio was used until June** 2001, **after which a** 3:1 **ratio was used.** AT&T **Checklist Declaration at** ¶56.

200 AT&T **Checklist Declaration at** ¶¶ 60-64.

2. Verizon DC Reply

Verizon DC replies that AT&T's reciprocal compensation claim relates to a contract dispute regarding compensation for internet service provider ("ISP")-bound traffic that is the subject of another proceeding pending before this Commission.[201] Verizon DC contends that it is inappropriate to consider this claim in a Section 271 proceeding, because the FCC has determined that whether a BOC pays reciprocal compensation for ISP-bound traffic is irrelevant to Checklist Item **13.** Moreover, the AT&T contract claim should be rejected on its merits according to Verizon DC. The interconnection agreement between the parties is controlling on the issue of ISP-traffic, according to Verizon DC, and an FCC arbitration reviewing virtually identical language held that Internet-bound traffic was not subject to reciprocal compensation.[202]

3. Analysis and Conclusions

AT&T asserts that in the context of this Section 271 proceeding, it is appropriate for the Commission to consider CLEC claims that Verizon DC has withheld reciprocal compensation payments contrary to the terms of their interconnection agreements.[203] AT&T makes these same claims in proceedings now pending before the Commission.[204] Similar claims from two other CLECs also are pending. Those claims have not been litigated. AT&T has not provided a record for deciding those claims here, nor would it be appropriate for this Commission to do so.

AT&T's companion argument that Verizon DC has been violating not only its interconnection agreement, but also FCC rules about reciprocal compensation, is not different in substance. The claim about FCC rules relies upon a declaration by the FCC that its rules do not necessarily override different provisions in existing agreements. In other words, AT&T's claim is that by violating its interconnection agreement, Verizon DC is also violating FCC rules.

The Commission will not prejudge the merits of the three claims pending before it. However, it is clear that reciprocal compensation has been subject to nearly continual change as first the states made rulings in arbitrations, then the FCC and the federal courts began to engage in a series of rulings that have reversed entitlements, changed effective rules, and caused vast swings in the flow of dollars exchanged between ILECs and CLECs as a result of the Internet traffic that they terminate for each other. That there remain knotty, interim problems to work out is not surprising. That contract disputes are accompanied by nonpayment is also not unusual.

Without more, these events do not bear significantly, ***per se***, upon Verizon DC compliance with Checklist Item 13. There is no substantial evidence that Verizon DC has engaged in a pattern of arbitrary payment withholding for anticompetitive purposes or to

201 **Veriron DC Reply Checklist Declaration at ¶ 105**

202 **Verizon DC Reply Checklist Declaration at ¶¶** 109-111

203 AT&T **Checklist Declaration at ¶¶**50 **through 65.**

204 ***See, for example, Telephone** Arbitration Case* ***No. 16,*** *In* ***the Matter of the Petition*** *of AT&T* ***Communications of Washingon, DC,*** *Inc.* ***and Teleport Communications – Washington, DC for the Enforcement of the Terms*** *of* ***their*** *Interconnection* ***Agreement with Verizon Washington,*** *DC Inc.*, filed **June 12,2001.**

anticompetitive effect. The three payment disputes over one of the Telecommunications Act of 1996's most controversial and unsettled issues do not alter this conclusion. Therefore, the Commission concludes that the existence of these disputes does not provide a basis for finding that Verizon DC fails to meet its obligations under this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(xiii).

XVI. Checklist Item 14: Resale

A. Verizon DC Declaration

Verizon DC offers resale in accordance with its tariff. Resale is available pursuant to interconnection agreements; the Commission has approved or is reviewing for approval approximately 40 resale-only interconnection agreements and 80 facilities-based agreements, some of which contain resale provisions. As of April 2002, there were over 15,000 resold lines in the District of Columbia served by approximately 25 CLECs.[205]

B. Issues Raised by CLECs and Other Parties

No party makes any declarations for this checklist item. Moreover, there is no evidence on the record that contradicts Verizon's assertion regarding this issue.

C. Analysis of Filings

Verizon DC's filing shows that many CLECs are offering a significant level of resold retail service in the District of Columbia. No other participant challenges Verizon DC's conduct with respect to this checklist item. Therefore, the Commission determines that Verizon DC has demonstrated compliance with this checklist item, pursuant to the requirements of Section 271(c)(2)(B)(xiv).

[205] Verizon DC Checklist Declaration at ¶¶ 339-341.

XVII. Section 272

A. OPC

Verizon DC presents no evidence on this issue. However, OPC notes that Verizon has taken the position before the FCC that the 272 sunset provision (which determines when the separate affiliate safeguards cease to apply), if permitted in New York, would then cease to apply in all Verizon states, including the District of Columbia.[206] OPC argues that Section 272 is intended to operate similarly to the Bell System divestiture. OPC also contends that Verizon must agree to meaningful compliance with Section 272 requirements related to "structural

Section 272 requires that the ILEC operate its long distance business out of a structurally separate affiliate, and establish a code of conduct to govern relations between the ILEC and the long distance affiliate. OPC says the purpose of this requirement is to prevent anticompetitive conduct ".,.arising out of the ability as an ***economic*** matter, for the BOC to extend its market power in the *local* telecommunications market into the adjacent long distance market."[208] OPC argues that Verizon has not met the requirements of Section 272(b) because it:

- Has engaged in joint marketing with its affiliate;
- Has the ability to easily market long distance through its inbound marketing channel, which should be restricted;
- Can offer tie-in discounts with local and long distance; and
- Can shift the costs of recruiting and hiring employees to the BOC from the 272 affiliate.[209]

B. Verizon DC Response

Verizon DC does not address this issue in its pre-hearing filings, but does discuss it in its post-hearing brief. Verizon DC disagrees that its compliance with Section 272 is properly part of this Commission's review.'" Verizon DC argues that the Act requires the FCC to determine compliance with Section 272; however, it concedes that this Commission has decided it can examine this issue in Order No. 12572.[211].

206 OPC Selwyn at ¶ 41

201 OPC **Post** Hearing Brief, **p.** 7

208 OPC Selwyn at ¶¶35-37

209 OPC Selwyn **at** ¶¶56-86

210 Verizon DC **Post** Hearing Brief, **p.** 58, fn.58

211 ***Formal Case No. 1011 – In The Matter Of Verizon Washington DC, Inc.'s Compliance With The Conditions Established In Section 271 Of The Federal Telecommunications Act Of 1996,*** Order **No.** 12572, ¶ ***5,*** n.12, rel. October 18,2002.

C. Analysis and Conclusions

OPC's concerns relate primarily to structural issues, which the federal Act already addresses. The Act contemplates that all competitors, not just ILECs who receive Section 271 approval, will have the opportunity to take advantage of economies of scale and scope. Those economies include savings to be gained through the bundling of services. It would not be correct to assume that there is anything inherently inappropriate about Verizon DC's use of bundling in accord with applicable limitations. However, there is a provision for joint state/federal audits to verify, among other things, that dealings between an ILEC's local and long distance organizations take place at arms length. Moreover, this Commission has significant authority under District of Columbia law to examine inappropriate marketing practices, and to determine whether costs in a more competitive long distance market are being improperly transferred to the costs of service over which this Commission has jurisdiction.

All of the issues that OPC raises may be dealt with in either or both of the joint state/federal audits or under this Commission's authority over local service. This latter source of authority is particularly material in the event that Verizon prevails in arguing that the Section 272 sunset provisions begin to run, even for purposes of the District of Columbia, from the time of its first Section 271 approval in any state. Accordingly, there exist no structural reasons for imposing pre-Section 271 approval requirements to supplement those already existing.

What remains to be considered is whether Verizon DC's performance history demonstrates reasons for concluding that it has substantially violated the arm's length dealing provisions of federal or state law and, if so, whether those violations bear upon the applicable public-interest or market-openness standards. The record does no more than raise a few generalized complaints based on audit work done to date.

The lack of specific, detailed reference to prior findings and an assessment of their significance to the District of Columbia do not support a conclusion that special measures need **be** taken prior to Verizon DC's entry into the long distance market in the District of Columbia. The Commission concludes that there is no basis for finding that concerns about Verizon DC's compliance with Section 272 provide a reason for concluding that Section 271 approval should be withheld.

XVIII. OSS

A. Verizon DC Declaration

1. General

The purpose of Verizon DC's OSS declaration is to describe the access that Verizon DC provides for CLECs to its Operations Support Systems ("OSS") for pre-ordering, ordering and provisioning, repair and maintenance, and billing.[212] These systems support interconnection arrangements, resale and UNEs, including UNE-P. Verizon DC states that there is only a single set of Verizon OSS and interfaces that serve the District of Columbia, Virginia, Maryland, and West Virginia. CLEC support in the District of Columbia is the same as it is in those states.[213] Price Waterhouse Coopers LLP ("PwC") reviewed Verizon DC's assertions relating to the sameness of its OSS and other interfaces: PwC's findings are summarized below in the discussion of the PwC Attestation. KPMG Consulting and Hewlett-Packard Consulting conducted a comprehensive evaluation of the OSS and interfaces under the direction of the Virginia State Corporation Commission ("VA SCC"). Verizon DC asserts that, "[t]he KPMG review found an outstanding level of Verizon achievement."[214] The systems in the of District of Columbia and Virginia, according to Verizon DC are the same; therefore, the results of the Virginia OSS test are directly applicable to the District of Columbia. Verizon DC states that the FCC has on other occasions permitted the test of one state's OSS to be used in related jurisdictions to support a Section 271 application.

The Verizon DC OSS declaration describes the systems and interfaces used for pre-ordering. The principal systems supporting pre-order functionality include LiveWire, ExpressTRAK, and Loop Facilities Assignment and Control ("LFACS"), among others. Verizon DC also describes connectivity options for exchanging electronic transactions with Verizon, and then provides information about the Web graphical user interface ("GUI") for CLECs. Verizon DC notes an increase in pre-order transactions throughout the former Bell Atlantic service territories from January of 2000 to December of 2001.[215]

The ordering interfaces and underlying OSS also are described in this declaration. Verizon DC offers two versions of the Local Service Ordering Guidelines for each of the ordering interfaces. A CLEC begins the ordering process by submitting to Verizon DC a local service request ("LSR) or an access service request ("ASR')), depending on the access or facilities desired. Verizon DC notes that Verizon processed over 13,000 LSRs in the District of Columbia for the month of April 2002.[216] Verizon DC's declaration also discusses order flow-

212 Verizon DC OSS Declaration at ¶ 17.

213 Verizon DC OSS Declaration at ¶ 19.

214 Verizon DC OSS Declaration at ¶ 31.

215 Verizon DC OSS Declaration at ¶ 49.

216 Verizon DC OSS Declaration at ¶ 62.

through and reject rates, order processing and status notices, and jeopardy and completion notifiers.

Verizon DC's **provisioning** systems are described. The results are discussed in the separate Checklist Declaration.[217]

The **maintenance and repair** systems are described and include Web GUI and the Electronic Bonding Interface. In accordance with the C2C Guidelines, Verizon DC reports system availability for maintenance and repair.

The declaration states that primary **billing** systems used by CLECs operating in the District of Columbia are ExpressTRAK and Carrier Access Billing System ("CABS"). The Billing Output Specification, Bill Data Tape ("BOS BDT") bills are provided to CLECs, and may be used as the bill of record.[218] PwC examined Verizon DC's assertions about its billing systems, and its findings are discussed below.

Two other CLEC support systems are described in this declaration: the Wholesale Customer Support system and the OSS Change Management Process. Verizon DC states that it makes training and assistance available to CLECs through handbooks, technical documentation, CLEC workshops and a wholesale customer help desk.[219]

2. Verizon DC – PwC OSS Attestation

Verizon engaged PwC to attest to statements made by Verizon DC that support its claims that the systems in the District of Columbia were used in Maryland, Virginia, and West Virginia. Additionally, PwC was engaged to attest to statements made by Verizon DC that the underlying systems used to calculate performance measures used in the District of Columbia are the same as those used in Maryland, Vir inia and West Virginia. PwC attested to all Verizon DC statements related to these two issues?" Further, Verizon DC states that, "the common Verizon OSS and interfaces used in the District of Columbia have already been subject to a comprehensive third-party evaluation by KPMG Consulting ("KPMG') and Hewlett-Packard ("HPC") in Virginia under the direction of the Virginia State Corporation Commission ("SCC")."[221]

3. Verizon DC – PwC Billing Attestation

PwC also was engaged to attest to statements made by Verizon DC concerning its BOS BDT billing. The examination of the billing systems covered two different billing periods.

[217] **Verizon DC** OSS **Declaration at ¶** 106.

[218] **Verizon DC OSS Declaration at ¶** 133.

[219] **Verizon DC** OSS **Declaration ¶¶** 171-183

[220] **Venzon DC** OSS **Declaration at ¶¶ 27-29**

[221] Verizon **DC** OSS **Declaration at ¶** 30

Some of the assertions tested involved the comparability of the BDT to the paper bill, the internal consistency of the BDT, and Verizon DC's BDT bills distribution and timeliness.”’ PwC attested to all of the Verizon DC assertions as being “fairly stated.””’

4. Analysis and Conclusions

Verizon DC's filing demonstrates that the OSS testing work that has been done is similar to what the FCC has relied upon in granting Section 271 approval in other Verizon states, and that there is sufficient commonality between the Virginia and the District of Columbia OSS to allow generally for the extrapolation of results to operations in the District of Columbia. There is no substantial evidence that the Verizon OSS tests relied upon here are materially deficient by comparison to tests in other regions, or that the entities conducting the tests failed to exercise the degree of care and professionalism attendant to Verizon tests in other states or tests of other ILEC OSS in other regions.

Therefore, based on the information before us, the Commission concludes that testing relied upon here by Verizon DC is sufficient, when measured by what the FCC has done in prior Verizon Section 271 applications, to assess OSS adequacy for the District of Columbia.

B. Billing

1. AT&T

AT&T states that KPMG has not tested electronic billing (“the BOS BDT”) or the billing of reciprocal compensation.[224] Verizon Virginia did not offer the BOS BDT version of the wholesale bill as the “bill of record” until after KPMG had completed its test; therefore, it was not the bill tested for either timeliness or accuracy.[225] Additionally, according to AT&T, KPMG did not test all aspects of the paper bill, such as reciprocal compensation, and the bills tested were not representative of those of a typical CLEC. AT&T also claims that bills for accounts that remain in the legacy billing system, CRIS, are only available in paper format. AT&T believes that the tested bills were not representative because the billing test consisted of “pristine” new accounts, which failed to include the types of real-world encumbrances from prior account histories that make errors more likely. AT&T also says that KPMG did not issue the same billing claims that a CLEC would issue. Instead, KPMG opened up test observations with billing problems that did not mirror those a CLEC would face.[226] AT&T states that the PwC Attestation of Verizon DC's billing did not constitute an audit or an independent third party test. It simply attested to statements made by Verizon DC.[227]

222 PwC Billing Declaration at ¶ 8.

223 PwC Billing Declaration at ¶10

224 AT&T OSS Declaration at ¶25.

225 AT&T OSS Declaration at ¶26.

226 AT&T OSS Declaration at ¶45.

2. WorldCom

WorldCom states that KPMG did not test BOS BDT billing or electronic bonding in Virginia.[228] Further, it notes that KPMG tested the paper bill only, and that the PwC declaration concerning billing was limited.[229] WorldCom believes that Verizon DC's processes unduly complicate the billing dispute process, and that CLECs do not get the necessary information to determine the basis on which they receive refunds.

WorldCom states that it continues to experience significant billing problems in the Verizon South region, despite the fact that Verizon claims to have corrected its billing problems by September 2001, when the FCC approved Pennsylvania interLATA entry.[230] WorldCom acknowledges that the District of Columbia's back-end billing systems differ from those of other Verizon South states, but alleges that the form of the bill remains the same. This similarity indicates to WorldCom that it is likely to experience the same problems in the District of Columbia as it has in Pennsylvania. Additionally, WorldCom believes that Verizon DC does not adequately break out or identify credits on bills, which raises questions about whether CLECs are receiving proper credits.[231] WorldCom also finds Verizon DC's dispute filing process for wholesale accounts time consuming and cumbersome, and contends that Verizon DC inappropriately determines its decisions on claims to be final before all steps of the claims process are exhausted.[232]

WorldCom cites the existence of long-standing problems in the conversion to ExpressTRAK, which KPMG testing failed to disclose. WorldCom also notes that prior KPMG testing in Virginia did not test conversions from CRIS (the older, legacy billing system) to ExpressTRAK.[233] WorldCom observes that Verizon declared the paper bill to be the bill of record in Virginia (and therefore the bill to be tested by KPMG), even though CLECs had access to electronic billing well prior to completion of KPMG testing. Verizon then designated the electronic version as the bill of record after testing of the paper bill.[234]

WorldCom also argues that Verizon DC's claim that the paper bill is merely a printout of the electronic bill cannot be true, given testimony in this proceeding that "balancing records" need to be inserted into some electronic bills to make them match the paper bills. WorldCom

227 AT&T **OSS Declaration at ¶**28.

228 **WorldCom Declaration at ¶ 4.**

229 **WorldCom Declaration at ¶**11.

230 **WorldCom Declaration at ¶ 19.**

231 **WorldCom Declaration at ¶ 21.**

232 **WorldCom Declaration at ¶** 20.

233 **WorldCom Brief, p. 19.**

234 **WorldCom Brief,** p. 20.

also underscores PwC's need to offer exceptions to its verification that a third party could recalculate the electronic, BOS BDT bill.[235]

WorldCom asks for a District of Columbia-specific OSS test. Worldcom also requests that this Commission require Verizon DC to report the electronic billing metrics adopted by the NJ BPU and the Pennsylvania Public Utility Commission."' WorldCom also asks that Verizon DC be required to implement any process improvements identified through Pennsylvania monthly forums that address billing issues.[237]

3. OPC

OPC argues that ExpressTRAK has yet to be examined or approved by the FCC in any Section 271 application, and that the system is not yet fully implemented either in Virginia or Maryland.[238] OPC also says that KPMG testing in other Verizon states does not confirm that Verizon DC is charging the correct wholesale rates in the District of Columbia, and that the withdrawal of billing performance metrics makes billing concerns more troublesome.[239]

4. Verizon DC Reply

Verizon DC believes that KPMG testing verifies the ability to provide adequate bills to CLECs. Verizon DC acknowledges that KPMG did not test electronic billing in the Virginia test; however, KPMG did perform an evaluation of Verizon's ability to provide non-discriminatory billing to CLECS. All 75-test points were satisfied, according to Verizon DC.[240] Verizon DC uses the same billing systems and procedures in the District of Columbia as Verizon does in Virginia. Verizon DC states that electronic OSS bonding between Verizon and CLECs was tested in Virginia for trouble reporting. Electronic bonding was also tested in Pennsylvania, New York, Massachusetts, and New Jersey. Verizon DC observes that the FCC has approved Verizon's applications in ten other states without the testing of electronic bonding.[241] Verizon DC states that KPMG's test included hundreds of real world orders and all the facets of those orders, which is contrary to the claims of CLECs.[242] Verizon DC asserts that KPMG tested the processes and procedures for billing claims and posting of billing credits for UNE-P, UNEs, and resale.[243]

235 **WorldCom Brief,** p. **21-22.**

236 WorldCom **Brief, p. 23.**

237 **WorldCom Brief,** p. **27.**

2iR OPC **Post Hearing Brief,** p. 31.

239 **OPC Post Hearing Brief, p. 32.**

240 **Verizon DC** OSS **Reply Declaration at ¶17.**

241 **Venzon DC OSS Reply Declaration at** ¶ 20.

242 **Verizon DC** OSS **Reply Declaration at** ¶ 21.

Verizon DC's declaration states that KPMG tested bills in an attempt to "live the CLEC experience" in the marketplace, and that the quality of Verizon DC's billing performance is confirmed by its performance for CLECs.[244] For Daily Usage Feed ("DUF") records sent within four business days (C2C Guideline BI-1-02), Verizon DC notes that it has exceeded the threshold of 95 percent for the months of February to August 2002.[245] Additionally, Verizon DC reports that timeliness in providing carrier bills to CLECs (C2C Guideline BI-2-01) for the same period has been measured at 100 percent.

Verizon DC states that the Commission has adopted those billing metrics developed by industry consensus in the New York Carrier-to-Camer Working Group.[246] Specifically, the prior BJ-3-01 and BI-3-02 measurements were dropped, and replacement metrics BI-3-04 and BI-3-05 were substituted. These metrics address Verizon DC's timeliness in acknowledging and resolving claims. Verizon DC asserts that the industry has determined that the dropped measurements did not properly measure the accuracy of billing performance. Verizon DC reported that measurements of performance under the replacement metrics exceeded the applicable standards for July and August 2002.[247]

Verizon DC states that it works with CLECs to resolve their issues, and that it has issued proper credits. Verizon DC believes that the CLEC proposal to limit backbilling for corrections to previous-period bills to a six-month period is unwarranted; there is no authority to support this position. Verizon DC states that it should have the right to bill for all services it renders; it also commits to updating its billing system to reflect new products "as quickly as is reasonable to expect."[248]

Verizon DC states that it provides a sufficiently clear identification of its charges to enable CLECs to compare them with services and facilities received. Verizon DC states that it includes all Universal Service Order Codes ("USOCs") on its website for CLECs to review for use in analyzing the elements for which they have been billed. Verizon DC also argues that CLEC concerns about outstanding billing disputes over discounts associated with the Bell Atlantic/GTE merger conditions do not raise a proper Section 271 issue.[249] Verizon DC states that it has experienced significant improvements in billing dispute levels in the District of Columbia, having reduced outstanding claims by 90 percent since January 2002.[250]

243 Verizon DC OSS Reply Declaration at ¶25.

244 Verizon DC OSS Reply Declaration at 728.

245 Verizon DC OSS Reply Declaration at ¶151.

246 Verizon DC OSS Reply Declaration at ¶153.

247 Verizon DC OSS Reply Declaration at ¶155.

248 Verizon DC OSS Reply Declaration at ¶168.

249 Verizon DC OSS Reply Declaration at ¶161.

250 Verizon DC OSS Reply Declaration at ¶166.

Verizon DC believes that it provides CLECs with adequate dispute tracking and identification numbers, and that upon claim resolution it adequately identifies credits.[251] Verizon DC contends that its practices are not cumbersome, and they are adequately explained on its website.

Verizon DC concedes that there may exist some issues with ExpressTRAK implementation, but believes that it has demonstrated the overall competence of the system, citing prior KPMG testing and the PwC attestation. Verizon DC acknowledges that CRIS bills are available on paper only, but minimizes the significance of this fact by observing that 99.5 percent of all wholesale billed telephone numbers in the District of Columbia already have been converted to ExpressTRAK.[252]

Verizon DC counters AT&T's implication that an attestation examination involves a lower than audit standard, asserting that an attestation entails only a different method of examination provided for by the American Institute of Certified Public Accountants.[253]

5. Analysis and Conclusions

The concerns expressed about Verizon DC billing include the adequacy of the KPMG test, the failure of any prior KPMG test to include electronic bills (only paper bills have been tested), the newness of the service-order processor used in the District of Columbia (ExpressTRAK), the difficulty in disputing bills and in determining the source of billing credits given by Verizon DC to CLECs, and the elimination of carrier-to-carrier metrics that measure the accuracy of bills. This Commission is not inclined to accept arguments about the general adequacy of KPMG testing in prior states, given the number of times it has already happened and the corresponding number of times that the FCC has granted Section 271 approvals after considering the results of that testing.

It is nevertheless of interest to note the very specific issue that testing has not previously included electronic billing, because Verizon DC has never made an electronic billing version the "bill of record" before OSS testing has been completed.[254] Taken alone, this fact might not have much significance. However, two other facts demonstrated by the record have more consequence. First, the record demonstrates that there have been accuracy problems arising under ExpressTRAK, which is still in a fairly early period of application. Second, the recent elimination of accuracy metrics from the District of Columbia C2C Guidelines has the potential for creating, over time, a lack of a sufficient external incentive to cure any problems that may continue. The Commission considers it appropriate to continue to monitor billing developments in the immediate post-Section 271 period and expresses here its intent to do so.

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251 Verizon DC OSS Reply Declaration at ¶ 163.

252 Verizon DC OSS Reply Declaration at ¶ 171.

253 Veriron DC OSS Reply Declaration at ¶¶171-172.

254 WorldCom Brief, p. **20.**

As is true for flow through, which is discussed elsewhere in this report, the purpose of this continued focus is to assure that immediate post-entry performance continues to show adequate progress toward satisfaction of appropriate standards. Specifically, the PAP and the mechanisms addressed in Formal Case No. 990 provide for a routine auditing program concerning the C2C Guidelines, which include billing metrics. The early audit scope under this program should be considered broad enough to include potential examinations of billing accurately and effectiveness under the systems now in place. Should experience over the first six months or so show continuing problems, the possibility of audits will allow a determination of whether any system problems exist and will provide for an examination of any underlying root causes.

If such audits prove appropriate, based on performance across this period, they may also serve as a helpful source of information in determining whether the absence of metrics addressing billing accuracy becomes a material weakness. While the old accuracy metrics, which have been eliminated, did not provide meaningful measures of accuracy, focused information about the sources of billing problems that may continue to exist will assist in designing any better measures that prove to be needed. Therefore, the Commission will determine whether Verizon DC should be required to commit to the potential use of the existing PAP auditing program for this purpose in the first two years of operation thereunder, in order to demonstrate that its OSS will operate soundly in the face of recent system changes and the elimination of billing accuracy metrics.

WorldCom asks for the incorporation in the District of Columbia of any improvements resulting from forums that take place in Pennsylvania. Taking advantage of lessons learned in other jurisdictions is important; however, there should be a mechanism that allows all stakeholders in the District of Columbia an opportunity to weigh in on the question of how changes in other states would affect the parties in this jurisdiction. The **PAP** and the procedures established in Formal Case No. 990 already provide processes for incorporating changes necessitated by circumstances in other jurisdictions. While experience gained in Pennsylvania and elsewhere can and should be included in that change mechanism, automatic incorporation of changes in other states is not appropriate. The Commission finds that the lack of a requirement to automatically adopt Pennsylvania changes in the District of Columbia is not a barrier to approval of the Verizon DC Section 271 application. PAP change procedures already in place will allow for the consideration of experience gained in other jurisdictions.

The evidence demonstrates that Verizon DC provides adequate support for CLECs that have questions or concerns about billing claims and the credit process. The resolution of those concerns or questions can require dialogue with Verizon DC personnel responsible for managing CLEC accounts, but such dialogue is appropriate given the complexity and the unique issues that billing problems may be expected to involve. The Commission finds that it is not necessary to require changes in the claims process in order to make Verizon DC's billing practices and procedures compliant with its checklist obligations.

C. KPMG OSS Test

1. AT&T

AT&T believes that the KPMG report's authors should be subject to cross-examination so that the "Commission may itself determine what weight, if any, to give the KPMG Report."[255] This process was used in the Pennsylvania, New Jersey, and Virginia Section 271 proceedings. AT&T asserts that Verizon DC is not ready to support wholesale services on a non-discriminatory basis,[256] and that the KPMG test does not prove that Verizon DC provides non-discriminatory access to its OSS.

AT&T states that Verizon has paid over $700,000 in Virginia and almost $834,000 in Maryland for the months of November 2001 to April 2002 for failing to meet performance standards.[257] AT&T says that it requested similar information from Verizon DC for the District of Columbia through a data request, but received no response. AT&T says that the Virginia and Maryland payments demonstrate that Verizon DC's OSS is not ready to provide non-discriminatory access for CLECs in the local exchange market; therefore, Verizon DC should be denied Section 271 approval.

AT&T also alleges that critical OSS functions were not a part of the KPMG testing in Virginia or were outside the testing scope. Specifically, AT&T says that KPMG did not test: (a) electronic billing and the billing of reciprocal compensation; (b) accuracy and reliability of metrics, specifically compliance with OSS business rules, verification of metrics change control, and validation of the correctness (or stability) of retail analogs for the parity of metncs; (c) billing claims, escalation, and the posting of credits; (d) provisioning of orders in high volumes; (e) actual directory listings in publications; (f) actual collocation; (g) E91 1 database updates; and (h) high capacity loops and interoffice facilities processes and end-to-end trouble report processing for special circuits, including EELs.[258]

The KPMG test only provides limited assurances of a functioning OSS for Verizon DC's wholesale customers, according to AT&T. Without the confirmation that would come from real commercial experience, there is no assurance that a test provides an accurate picture of OSS capabilities and functioning.[259] AT&T believes that the KPMG test should have included more CLEC experience.[260] Additionally, AT&T argues that the KPMG test did not, and was not designed to, test the OSS process end-to-end, and the test could not have been fully blind.[261] AT&T believes that KPMG tested piecemeal components of Verizon DC's OSS, and could not

255 AT&T **OSS Declaration at ¶**4

256 AT&T **OSS Declaration at ¶**7.

257 AT&T **OSS Declaration at ¶**8.

258 AT&T **OSS Declaration at ¶**24.

259 AT&T **OSS Declaration at 720.**

260 AT&T **OSS Declaration at ¶**50.

261 AT&T **OSS Declaration at ¶**51